

MARICOPA COUNTY SELF-INSURED TRUST

BOARD OF TRUSTEES MEETING

301 W. Jefferson Street, Suite 3200
North Conference Room, 3rd Floor, Maricopa County Administration Building
Monday, August 17, 2015
Open Meeting Time: 11:00 A.M.

MINUTES

TRUSTEES PRESENT: Jim Steinkamp, Rex Jorgensen, Beverly Dupree,
Brad Arnett, Helena Whitney

TRUSTEES ABSENT: Frank Hinds

STAFF PRESENT: Meg Blankenship, Christopher Bradley, Dave Hansen,
Gail Cohen, Curtia Hunter-Richard

GUESTS: None

Curtia Hunter-Richard distributed a presentation folder to each Trustee and Staff member present. The folder included the meeting agenda, August 18, 2014, October 20, 2014, February 23, 2015 and April 20, 2015 meeting minutes, along with the financial statements.

The Open Session meeting was called to order at 11:06 A.M. by Chairperson Steinkamp. A quorum was present.

Meg Blankenship introduced Helena Whitney who is the newest member of the Board of Trustees representing District 5.

Approval of Meeting Minutes

Chairperson Steinkamp called for the approval of the August 18, 2014 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Dupree and seconded by Trustee Arnett.

Chairperson Steinkamp called for the approval of the October 20, 2014 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Jorgensen and seconded by Trustee Dupree.

Chairperson Steinkamp called for the approval of the February 23, 2015 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Arnett and seconded by Trustee Jorgensen.

Chairperson Steinkamp called for the approval of the April 20, 2015 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Arnett and seconded by Trustee Dupree.

Presentation and Discussion – Review of Financial Statements

Dave Hansen presented a review of the current assets and liabilities related to the Employee Benefits Trust Fund as reflected in the following financial reports:

- Financial Commentary – July 2015
- Statements of Revenues, Expenses, and Changes in Net Assets – YTD as of July 31, 2015
- Statements of Net Assets – July 31, 2015, June 30, 2015, June 30, 2014, June 30, 2013, and June 30, 2012
- Fund Balance Roll-Forward with Impact of Benefit Holiday Removed– Twelve Months Ended June 30, 2015
- Fund Balance Roll-Forward – Twelve Months Ended June 30, 2015
- Balance Sheet Details – July 31, 2015, June 30, 2015, June 30, 2014, June 30, 2013, and June 30, 2012
- Fund Balance Roll-Forward – One Month Ended July 31, 2015

The question by Chairperson Steinkamp in reference to attributing the adjustment in the forecasted loss to the strategic IBNR was addressed and clarified. Actual results were \$1.3 million worse than projected due to neo-natal cases not included in the forecast for which \$718,000 worth of claims have been processed and an additional \$600,000 have been projected and thus included in the IBNR (Incurred but Not Reported) These large claims were incurred immediately after completing the forecast for FYE 06/30/2015

The question by Trustee Dupree in reference to the number of neo-natal cases that impacted the forecast for FYE 06/30/2015 was addressed and clarified. There were two neo-natal cases resulting in large claims for FYE 06/30/2015. The County highlighted recent changes to the Healthy Pregnancy Programs for PY 2015-16 that provide an increased incentive to pregnant mothers who participate in the program. The intent is that the program will provide information and support to pregnant mothers on how they can take care of themselves and their babies. The goal is to reduce costs associated with neo-natal cases.

The question by Chairperson Steinkamp in reference to identifying other factors which contributed to the increased loss was addressed and clarified. It was confirmed that the neo-natal cases were the primary reason for the loss. On a year-to-year basis, other large claims have impacted costs, such as breast cancer cases.

The question by Trustee Arnett in reference to the \$200K difference between the Cigna Refund for Capitation Overcharge at \$5.9 million and the Decrease in Accounts Receivable at \$6.1 million was addressed and clarified. The Plan had other receivables, such as COBRA and rebates from Walgreens.

The question by Trustee Arnett in reference to year-to-year large claims costs per plan was addressed and clarified. It was confirmed that the increases in large claims costs per plan could be attributed to a handful of large claims related to breast cancer claims.

The question by Trustee Dupree in reference to the County's efforts to mitigate losses due to large claims was addressed and clarified. There was discussion that the medical plan administrators identify and manage providers who overcharge for services but whose services do not result in better health outcomes. One such provider is now excluded from one of the medical plan's network.

The question by Trustee Whitney in reference to the identification of the provider that was moved out-of-network was addressed and clarified. The County reiterated that in general, the medical plan administrators review the performance of all in-network providers.

The question by Trustee Jorgensen in reference to the bill review services built into the claims administration was addressed and clarified. Both medical plan administrators have a large claim review process.

The question by Trustee Dupree in reference to large claim reviews for the Plan's protection was addressed and clarified. Programs in place with the medical plan administrators help protect the Plan's interests.

The question by Chairperson Steinkamp in reference to claims audits commissioned by the County was addressed and clarified. It was confirmed that the last claims audit commissioned by the County was two years ago, prior to the start of the UnitedHealthcare contract.

Discussion ensued regarding the opportunity to conduct bill reviews and claims audits to protect the Plan. The recommendation by Chairperson Steinkamp was to utilize an outside entity to conduct overpayment recovery audits and to regularly review large claims. A more frequent auditing process was encouraged by Chairperson Steinkamp, which included alternating between an overpayment recovery audit every other year and a claims audit every other year. The Benefits Staff agreed to take these recommendations under advisement.

The question by Chairperson Steinkamp in reference to the rates for this year was addressed and clarified. The County starts each year projecting that rates will cover claims costs, with the forecast being adjusted as claims data is received. Premiums were increased for PY 2015-16 to cover the loss experienced in PY 2014-15.

The question by Trustee Arnett in reference to the timeframe for claims data to reach Benefits Finance was addressed and clarified. The County clarified that 75% of claims paid fall into the following month; averaging approximately 3 weeks for smaller claims to adjudicate.

The question by Chairperson Steinkamp in reference to the Reserve Recommended Target Level was addressed and clarified. The County reported that at the end of the fiscal year the Reserve Level was at \$18.5 million and within the target range.

Presentation and Discussion – Delta Dental Plan Premium Refund

Dave Hansen presented information regarding the intent to issue a pro rata premium refund to employees who paid a premium during FY 2015 for coverage in the Delta Dental Plan. The Maricopa County Board of Supervisors will need to approve the recommendation.

The questions by Chairperson Steinkamp in reference to the Delta Dental Plan Premium Refund were addressed and clarified. It was confirmed that the premiums to be refunded are for Plan Year 2014-15 only and the surplus is due to \$358,000 more in premiums charged to employees than what Delta Dental charged the County. The County was not notified of the premium rate reduction by Delta Dental in sufficient time to impact the rate structure for Plan Year 2014-15. It was confirmed that the Benefits Staff would be making the recommendation to the Board of Supervisors to approve the Delta Dental Plan Premium Refund.

The question by Trustee Arnett in reference to the administrative burden of administering a premium refund was addressed and clarified. The time and costs for administering the Delta Dental Premium Refund will be similar to past refunds for life insurance and the short-term disability plan. Any amount less than \$10 will not be refunded but will be applied towards administration costs.

Call to Public

Chairperson Steinkamp made a Call to the Public. There was no one from the public in attendance.

Meg Blankenship advised that the next Board of Trustees meeting is scheduled for October 19, 2015 at 11:00 A.M. If an additional meeting is required prior to October 19th, the Board of Trustees will be notified. .

Motion to Adjourn

Chairperson Steinkamp called for a motion to adjourn. The motion was made by Trustee Jorgensen and seconded by Trustee Dupree. The motion passed unanimously.

The meeting was adjourned at 11:50 A.M.